



Chief Executive's letter

Our brilliant colleagues and suppliers are at the heart of everything we do



Simon Roberts
Chief Executive

Simon Roberts reflects on the first year of Next Level Sainsbury's and the value of working across the food system with our suppliers to deliver with purpose for our customers, our colleagues, our shareholders and the communities we serve.

Retail is, above all else, a massive team effort. Success doesn't happen without truly committed and dedicated people; our teams working together across all our stores, supply chains and support centres to deliver for customers every day. That's why I want to start with a huge thank you to all my colleagues and our suppliers for their hard work, resilience and passion. Their commitment has helped us make a brilliant start to our Next Level strategy, with a year of significant progress building on the strong foundations that Food First delivered.

We have had our best year yet in Grocery since the launch of Food First. We outperformed the market every quarter for a second consecutive year and made our biggest market share gains in more than a decade as more customers chose Sainsbury's for their big shop.

A purpose that creates value

When John James and Mary Ann Sainsbury opened their very first store in 1869, their purpose was clear: to provide good quality food at affordable prices. More than 150 years later, I am proud to say that Sainsbury's has stayed true to these values.

Our purpose – **making good food joyful, accessible and affordable for everyone, every day** – is more than a guiding principle. It shapes why we exist and how we work across the food system with our suppliers to deliver for our customers, colleagues, shareholders and the communities we serve. It defines how we approach every decision. Putting good food back at the heart of our company has helped us go faster, make bolder decisions and push further than ever before.

It's no coincidence that this year has been one of our strongest, reflecting four years of investment to improve the fundamentals of this business. We've delivered great value, introduced more new and innovative products to our shelves, given more space in our stores to our core food ranges and continued to lead our sector on pay increases for our hourly colleagues. As a result, we've grown grocery volume market share, won more loyal customers and continue to deliver market-leading customer service, all whilst making our business more sustainable and resilient for the future.

Delivering for our customers

In today's tough economic climate, providing great value for our customers has never been more important. People continue to make careful choices about how they spend their money. They are looking for the best possible quality at the lowest possible price and without any compromise on service or their shopping experience. This is what we are committed to deliver for all our customers every day.

Argos has felt the impact of customers being more careful with their spending and tough, competitive market conditions. Online traffic was challenged in the first half of the year and the Summer also started slowly, resulting in sales below our expectations. In the second half, we took action to drive more traffic and increase sales and I'm pleased to say we saw a return to sales growth in the fourth quarter.

In our grocery business, we have invested £1 billion over the last four years to make good food more affordable for everyone, whether that's through our Low Everyday Prices, Aldi Price Match or Nectar Prices. This means that customers feel confident choosing Sainsbury's more often and for more of their shopping, trusting the value, quality and service we provide.

Over the past year, we've made real progress towards our goal of making good food more accessible by bringing more of the Sainsbury's food range to more customers in more locations. Through our planned programme of space reallocation from general merchandise to food, we've added 90,000 sq. ft. of additional food space in the first year of Next Level Sainsbury's, creating more opportunities to better serve our customers. We've also been trialling a number of changes to the look and feel of our supermarkets and convenience stores, experimenting with around 100 new innovations in a small number of innovation hubs and then rolling out the best of these innovations across many more stores.



Last November, we were proud to become the first UK grocer to bring Aldi Price Match to convenience stores. It's so important to us that customers can be confident in our consistently great value, whether they're popping into their Sainsbury's Local or shopping in one of our supermarkets. We've focused on the everyday essentials households buy most often like milk, bread, butter, pasta, rice, salad, tuna, chicken, potatoes and vegetable oil, making it easier for everyone to save on the items that matter most.

Constantly innovating and developing new ideas in food is a real passion for us. In fact, innovation is one of the key reasons why people shop at Sainsbury's and we have been developing more and more new and delicious choices. Nowhere is this more evident than in *Taste the Difference*. It continues to grow ahead of the market as many more customers choose Sainsbury's for all the important celebrations and occasions throughout the year or for a special 'dine-in' meal at home.

As a result of everything we have been doing to invest in our value, quality and service, more customers are now confidently choosing Sainsbury's for their big shop, week after week and for all the moments in life that really matter. Christmas was another real highlight as we won grocery market share for our fifth consecutive year. This was only possible with the most outstanding team effort right across the business. We really delivered for customers, with a great range of products, leading availability and standout quality and service. Christmas is a time when consumers make such a clear and considered choice about who to shop with and we are proud to have delivered again for them.

Good food requires a more resilient and sustainable UK farming sector

At Sainsbury's, we really understand that the foundation for consistently sourcing and delivering good food is long term partnership. That's why we've been investing for the long term with our growers, farmers and suppliers, working together to build a resilient and thriving UK agricultural sector that can serve communities today and for generations to come.

I have spoken publicly and proudly about the importance of these long-term relationships we have been working to develop with many of our suppliers, including Moy Park for chicken. Working together, we have set new standards for chicken welfare, reduced carbon emissions and created a new long-term deal for farmers – all with no increase in price for customers. It's a partnership that will be good for Sainsbury's but, just as importantly, good for UK farmers, good for customers and better for the environment. A great example of purpose-driven decision making that is delivering real value and supporting UK farming.

In addition, we've partnered with Cranswick for the next ten years to significantly improve pig welfare, making a £50 million investment to implement higher standards by 2030. Cranswick is committing an additional £11 million to build new sheds and housing to further improve welfare. This partnership means long-term stability and support for the 170 farmers in the Sainsbury's Pork Producer Group, giving them the confidence to invest in their farms, facilities, and practices. Together, we're building financial and environmental resilience for the future. On top of that, we're aiming for our *Taste the Difference* pork to achieve net zero by 2029 and for all *by* Sainsbury's fresh pork to achieve net zero by 2030.

Continuing to invest in our colleagues

People are at the heart of everything we do. As the UK's second-largest private sector employer, we're committed to supporting all our colleagues across Sainsbury's and Argos who play such a critical role on the front line across all our stores and online operations. I'm pleased to share that we led the industry again this year on pay for the third year in a row. It's a reflection of our philosophy - always making decisions that put people first and food first - and demonstrates how much we value the dedication and hard work of our colleagues who serve customers every day.

We have increased
colleague pay by

58%
since 2018

We invested

£1bn

in lowering prices over the
past four years



It's the strength of our whole team that sets us apart.

Simon Roberts

Chief Executive

This year, being named Grocer of the Year at the Grocer Gold Awards was a huge moment of recognition for our entire team and everything we've done to put food back at the heart of Sainsbury's. Winning this award for the first time in nearly two decades was a such special moment for all of our team. It highlights our unwavering commitment to our customers and the continued transformation of our company, as well as the dedication and hard work of our outstanding colleagues, suppliers, and farmers.

Next Level momentum in year two and beyond

As I look to the year ahead, we remain fully focused on delivering the best combination of value, quality and service for all our customers. We have made four years of exceptional progress and investment, resetting our price position and strengthening the fundamentals of our business. This puts us in a strong competitive position and we are committed to sustaining this in the year ahead. There is much more to come and our belief in the strength of Sainsbury's offer has driven our decision to make our largest investment in expanding our store space in over a decade as we open new supermarkets in key new locations and extend food space within many of our existing stores.

Retail will always be, as I said at the start, a massive team effort. Like any great team, our success will continue to come from working together and really delivering against our Next Level goals and outcomes. Whether it's our Sainsbury's and Argos colleagues delivering with so much pride and passion in our stores and support centres, or our suppliers developing and bringing the best products and helping us to innovate and grow - it's the strength of our whole team that sets us apart.

So as we look back over a year of significant transformation and further progress, a huge thank you to everyone who has played a part in this journey. Together, we will keep taking Sainsbury's to the next level.

Simon Roberts

Chief Executive

16 April 2025